

IC 27-2-5

Chapter 5. Provisions Concerning Alienation of Benefits

IC 27-2-5-1

Spendthrift laws; exemption from judicial process

Sec. 1. (a) As used in this section, "premium" includes any deposit or contribution.

(b) No person entitled to receive benefits under a life insurance or life annuity contract, or under a written agreement supplemental thereto, issued by domestic life insurance company, shall be permitted to commute, anticipate, encumber, alienate, or assign such benefits, if the right to do so is expressly prohibited or withheld by a provision contained in such contract or supplemental agreement. And if such contract, policy, or supplemental agreement so provides, such benefits, except when payable to the person who provided the consideration for such contract, shall not be subject to such persons' debts, contracts, or engagements, nor to any judicial process to levy upon or attach the same for payment thereof.

(c) A premium paid for an individual life insurance policy that names as a beneficiary, or is legally assigned to, a spouse, child, or relative who is dependent upon the policy owner is not exempt from the claims of the creditors of the policy owner if the premium is paid:

(1) not more than one (1) year before the date of the filing of a voluntary or involuntary petition by; or

(2) to defraud the creditors of;

the policy owner.

(d) The insurer issuing the policy is discharged from all liability by payment of the proceeds and avails of the policy (as defined in IC 27-1-12-14(b)) in accordance with the terms of the policy unless, before payment, the insurer has received at the insurer's home office, written notice by or on behalf of a creditor of the policy owner that specifies the amount claimed against the policy owner.

(Formerly: Acts 1931, c.20, s.1.) As amended by P.L.253-1995, SEC.3.